

# **State of Alaska FY2006 Governor's Operating Budget**

**Dept. of Commerce, Community, and Economic Dev.  
Commissioner's Office  
Component Budget Summary**

## Component: Commissioner's Office

### Contribution to Department's Mission

To effectively manage the department and to serve as a liaison between the department and private, governmental, and other institutions and agencies.

### Core Services

The Commissioner provides leadership, sets department priorities and policy, and is the Governor's direct liaison to the department. The Commissioner directs policy through coordination with directors of the line divisions and independent agencies which comprise the department. The Commissioner's Office staff support the Commissioner in the overall management and coordination of departmental activities, policy direction, management oversight, and legislative coordination. In addition to program responsibilities, the Commissioner serves on several boards and commissions.

### Major Activities to Advance Strategies

- Establish policy.
- Manage the department.
- Serve as department's liaison with the Governor's Office.
- Participate in boards and commissions.

### FY2006 Resources Allocated to Achieve Results

**FY2006 Component Budget: \$886,200**

**Personnel:**

Full time	10
Part time	0
<b>Total</b>	<b>10</b>

### Key Component Challenges

The department continues to realign and focus assets to concentrate on its three core functions: economic development, community advocacy, and business regulation/ consumer protection.

- **Economic Development.** Combine the efforts of the Department's industry and business experts, supported closely by community development staff.
- **Community Advocacy.** Provide important support to smaller communities and villages in rural Alaska. These efforts range broadly from programs involved in local government operational assistance to the administration and management of a host of community grant programs. These efforts continue and are closely coordinated with economic development actions.
- **Business Regulation/Consumer Protection.** Various oversight functions are absolutely necessary for the orderly function of business and industry throughout the state. These regulatory efforts assist business and industry and provide proper essential consumer protection.

**Fisheries Development and Marketing.** The commercial fishing industry continues to experience difficulties as world markets adapt to the changing supply of fish from fish farms. The salmon markets have been significantly affected, and as a result they have been extremely volatile for the past several years. It is vitally important that Alaska maintain its

place in the worldwide salmon market during these challenging times. The Fish Revitalization Strategy, Commercial Fishing Revolving Loan Fund, Fisheries Enhancement Revolving Loan Fund, and the Alaska Seafood Marketing Institute play an extremely important role in the fishing industry.

Alaska Insurance Market Place. The State of Alaska has an increasing lack of a healthy, competitive insurance market place. Alaska faces a crisis in funding for the Alaska Insurance Guaranty Association due to the insolvency of a major workers compensation carrier. The workers compensation market is dominated by relatively few carriers which put the state at risk of losing a viable option for employers to obtain a statutorily mandated coverage. The homeowner's market is fast becoming difficult with two carriers writing 65% of the business and seeking to reduce market share. This, in turn, creates pressure on the real estate industry as sales of property and re-financing depends on the availability of insurance coverage to satisfy the lenders.

## **Significant Changes in Results to be Delivered in FY2006**

### **OFFICE OF ECONOMIC DEVELOPMENT**

The office will begin measuring the effectiveness of the grants awarded under the \$35 million Fisheries Revitalization Strategy Program and will shift its focus from program development and implementation to industry and government support services in an effort to withstand the potential impact of farmed salmon.

Implementation of the Developing Alaska Rural Tourism project that will provide hands-on technical assistance to four to six economically distressed regions and/or community clusters within rural Alaska expand their visitor industry infrastructure, services, and attractions. This will result in more tourism within these rural communities, increase employment opportunities, and more advances to higher paying positions within the visitor industry.

### **QUALIFIED TRADE ASSOCIATION**

With increased funding, the Qualified Trade Association will increase its promotional efforts such as increasing Alaska's television presence, conducting familiarization tours for travel professionals whom work predominately with independent travelers, and strengthening the international marketing program, particularly in Asia.

### **OCCUPATIONAL LICENSING**

On September 17, 2004, Administrative Order 219 transferred the Corporations program to the Division of Occupational Licensing from the Division of Banking. This transfer will provide better service to the public by creating a single organization within state government for customers to form a new business entity, obtain a license, form a Corporation, register a business name and register a trademark.

### **ALASKA AEROSPACE DEVELOPMENT CORPORATION (AADC)**

AADC is currently performing the second year of a five-year support services agreement with the Missile Defense Agency (MDA). MDA continues to request additional launch services support and continues to increase its requirements for management data. Five additional staff are requested to support these requirements. Travel increases are requested to support MDA's increased requirements to support both launches and attendance at planning meetings by both AADC personnel and AADC contractors.

## **Major Component Accomplishments in 2004**

### **COMMUNITY ADVOCACY**

Staff provided extensive support to the Local Boundary Commission during the year, initiating proceedings for the following local government boundary changes and special projects:

- City Incorporation – One completed (City of Gustavus), and one continuing (Naukati)
- City Annexation – One dismissed (City of Akutan) and two continuing (City of Homer and City of Petersburg)
- City Reclassification – Technical assistance regarding home-rule status (City of Wasilla)
- Borough Incorporation – One under appeal (Skagway) and five prospective proposals (Eagle River area, Delta Greely/Upper Tanana Basin region, Prince William Sound region, Kuspuk region, and Calista region.)
- Consolidation – One proposed (City of Ketchikan and Ketchikan Gateway Borough)
- Special Projects - "School Consolidation: Public Policy Considerations and a Review of Opportunities for Consolidation." Report completed and submitted to the 2004 Legislature.

#### INVESTMENTS

This program promotes the development of a predominantly resident fishery by providing loans to Alaskan commercial fishing harvesters. Market conditions in the commercial fishing industry have dramatically changed in recent years creating tremendous challenges for commercial fishing harvesters that utilize the Commercial Fish Revolving Loan Fund. During FY04, 114 new loans were approved, totaling a little over \$6.5 million, and 171 loan extension requests were processed.

#### ALASKA AEROSPACE DEVELOPMENT CORPORATION (AADC)

AADC successfully executed the first year of providing services for its' anchor tenant, the United State's Department of Defense Missile Defense Agency, under a five year contract and accepted delivery of the new Range Safety and Telemetry System on 1 July 2004.

Construction began on Phase 2 of the 19,000 square foot Maintenance and Storage Facility project which is expected to cost \$4.5 million and be completed in the spring of 2005.

#### ALASKA ENERGY AUTHORITY (AEA)

AEA completed or initiated construction of bulk fuel facility upgrades in 11 communities and rural power system upgrades in 14 communities.

#### ALASKA SEAFOOD MARKETING INSTITUTE (ASMI)

Alaska Seafood Brand Equity. Alaska Seafood is now the second most popular food brand on menus of the top 500 U.S. restaurant chains, up from third place in 2001.

#### REGULATORY COMMISSION OF ALASKA (RCA)

Rural Internet Services Grant. Received second \$7.5 million from the United States Department of Agriculture for rural Alaska Internet deployment.

### Statutory and Regulatory Authority

AS 44.33.010-020

Department of Community and Economic Development

#### Contact Information

**Contact:** Jo Ellen Hanrahan, Administrative Services Director

**Phone:** (907) 465-2506

**Fax:** (907) 465-2563

**E-mail:** Jo\_Ellen\_Hanrahan@commerce.state.ak.us

### Commissioner's Office Component Financial Summary

*All dollars shown in thousands*

	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	492.8	781.1	798.0
72000 Travel	117.1	31.0	31.0
73000 Services	36.2	56.0	50.0
74000 Commodities	19.1	7.2	7.2
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	5.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>670.2</b>	<b>875.3</b>	<b>886.2</b>
<b>Funding Sources:</b>			
1004 General Fund Receipts	188.2	171.0	173.4
1007 Inter-Agency Receipts	482.0	644.3	712.8
1175 Business License Receipts	0.0	60.0	0.0
<b>Funding Totals</b>	<b>670.2</b>	<b>875.3</b>	<b>886.2</b>

### Estimated Revenue Collections

Description	Master Revenue Account	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
<b>Unrestricted Revenues</b>				
Unrestricted Fund	68515	1.0	0.0	0.0
<b>Unrestricted Total</b>		<b>1.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>				
Interagency Receipts	51015	482.0	644.3	712.8
Business License Receipts	51173	0.0	60.0	0.0
<b>Restricted Total</b>		<b>482.0</b>	<b>704.3</b>	<b>712.8</b>
<b>Total Estimated Revenues</b>		<b>483.0</b>	<b>704.3</b>	<b>712.8</b>

**Summary of Component Budget Changes  
From FY2005 Management Plan to FY2006 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2005 Management Plan</b>	<b>171.0</b>	<b>0.0</b>	<b>704.3</b>	<b>875.3</b>
<b>Adjustments which will continue current level of service:</b>				
-FY 05 Bargaining Unit Contract Terms: GGU	0.3	0.0	1.1	1.4
-FY06 Cost Increases for Bargaining Units and Non-Covered Employees	2.1	0.0	7.4	9.5
<b>FY2006 Governor</b>	<b>173.4</b>	<b>0.0</b>	<b>712.8</b>	<b>886.2</b>

### Commissioner's Office Personal Services Information

Authorized Positions			Personal Services Costs	
	<u>FY2005</u> <u>Management</u> <u>Plan</u>	<u>FY2006</u> <u>Governor</u>		
Full-time	10	10	Annual Salaries	588,761
Part-time	0	0	COLA	1,197
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	262,189
			<i>Less 2.96% Vacancy Factor</i>	(25,247)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>10</b>	<b>10</b>	<b>Total Personal Services</b>	<b>826,900</b>

### Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Clerk II	0	0	1	0	1
Commissioner	0	0	1	0	1
Dep Commissioner	1	0	1	0	2
Exec Secretary III	0	0	1	0	1
Public Information Officer	1	0	0	0	1
Secretary	1	0	1	0	2
Spec Asst To The Comm II	0	0	1	0	1
Special Projects Coordinator	1	0	0	0	1
<b>Totals</b>	<b>4</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>10</b>